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Investor Update

Randall Stephenson
Chief Financial Officer
SBC Communications Inc.



Bank of America Securities
32nd Annual Investment Conference
September 23, 2002

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Cautionary Language Concerning Forward-Looking Statements

Information set forth in this presentation contains financial estimates and other forward-looking statements that are subject to risks and uncertainties. A discussion of factors that may affect future results is contained in SBC's filings with the Securities and Exchange Commission. SBC disclaims any obligation to update and revise statements contained in this presentation based on new information or otherwise.



32nd Annual Meeting
September 24-26, 2002

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SBC Business Segments

<h3 style="text-align: center;">Wireline</h3> <ul style="list-style-type: none">• Local, long distance, data - 61M access lines• \$41B annual revenues	<h3 style="text-align: center;">Cingular Wireless</h3> <ul style="list-style-type: none">• 21.2M subscribers, 60% SBC ownership• >\$14B annual revenues
<h3 style="text-align: center;">Directory</h3> <ul style="list-style-type: none">• \$4.5B annual revenues• World's largest directory company	<h3 style="text-align: center;">International</h3> <ul style="list-style-type: none">• Wireline and wireless holdings in Europe, Mexico, South Africa

 SBC COMMUNICATIONS
SBC COMMUNICATIONS CORPORATION

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Clear Objectives

Financial Strength

- Cost discipline
- Free cash flow
- High-quality credit profile

Revenue Initiatives

- Data
- Access Lines
- Long Distance
- DSL

UNE-P Reform

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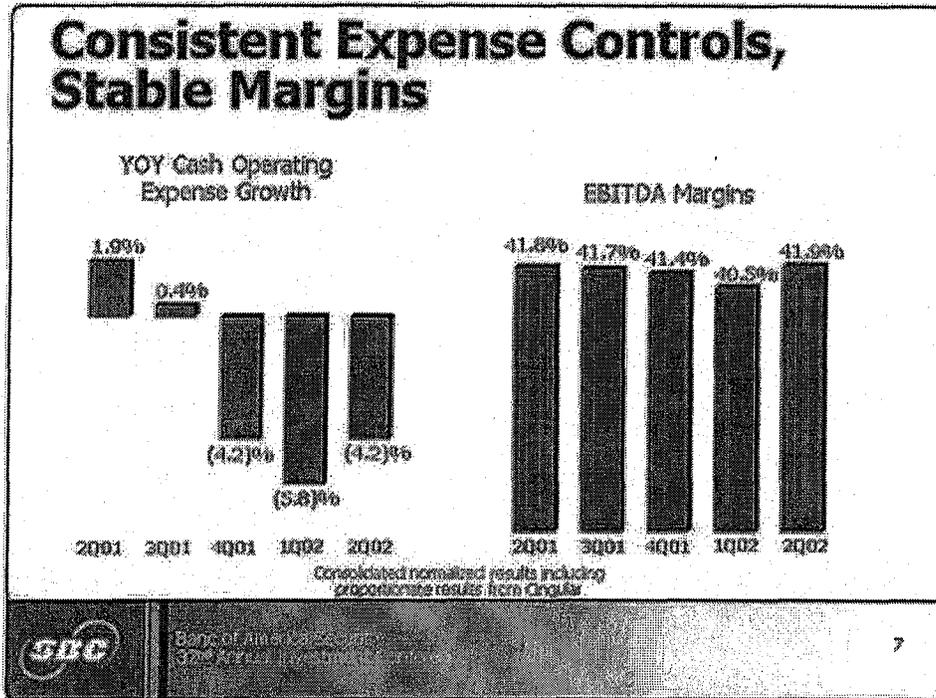
Financial Strength

- Cost discipline
- Free cash flow
- High-quality credit profile

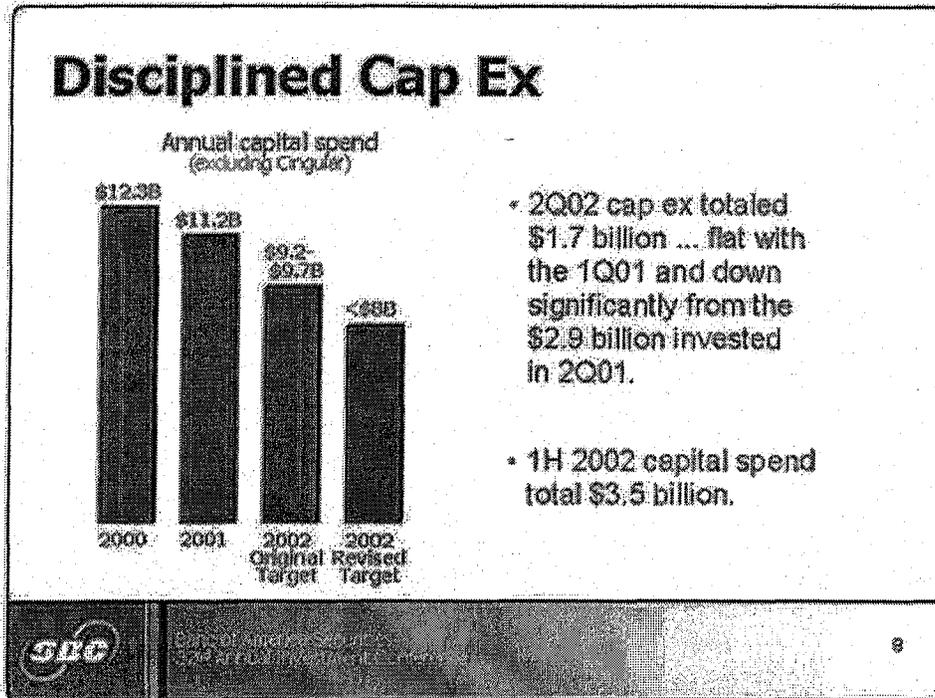
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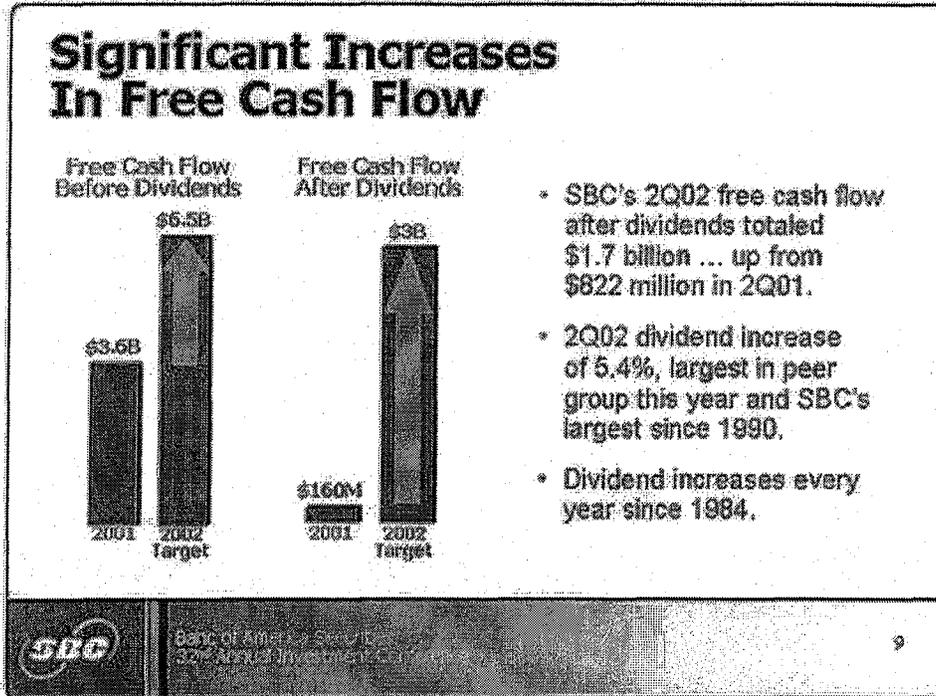
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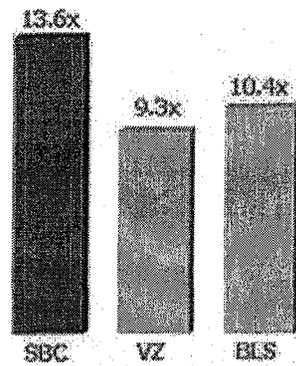
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High-Quality Credit Profile

EBITDA Interest Coverage
2Q02



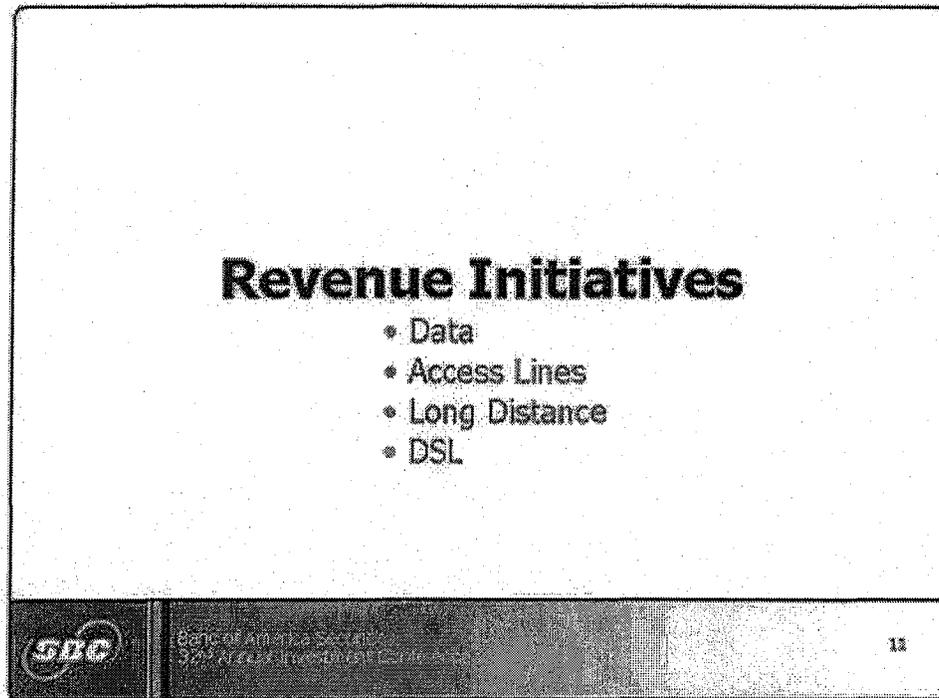
- Debt ratio of 44.8% ... best among peers, reduced 230bp from 1Q this year
- Commercial paper reduced by \$1.6B in 2Q
- EBITDA interest coverage also the best among peers



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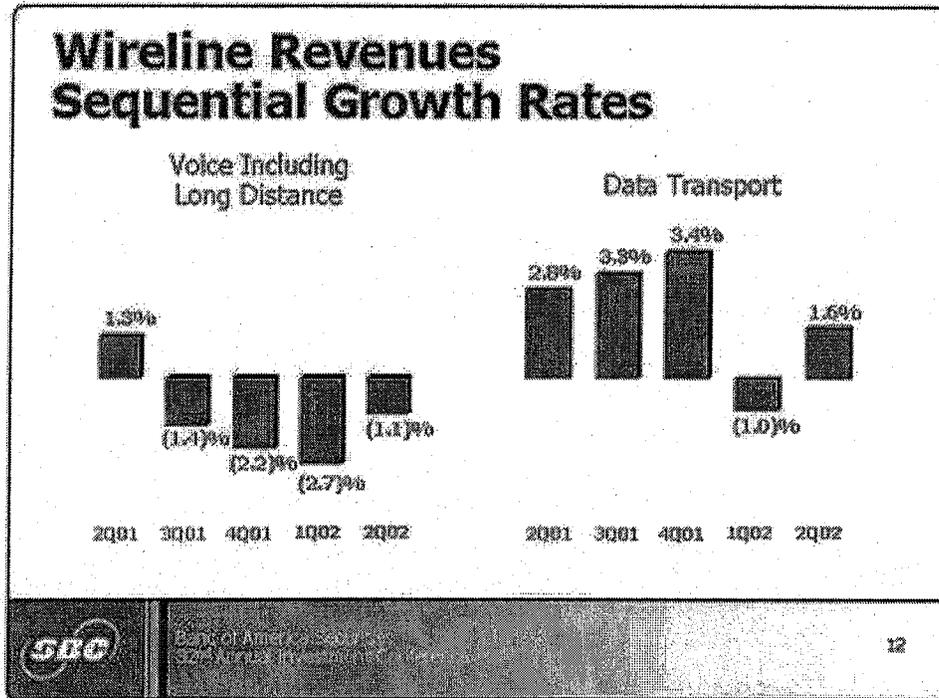


Revenue Initiatives

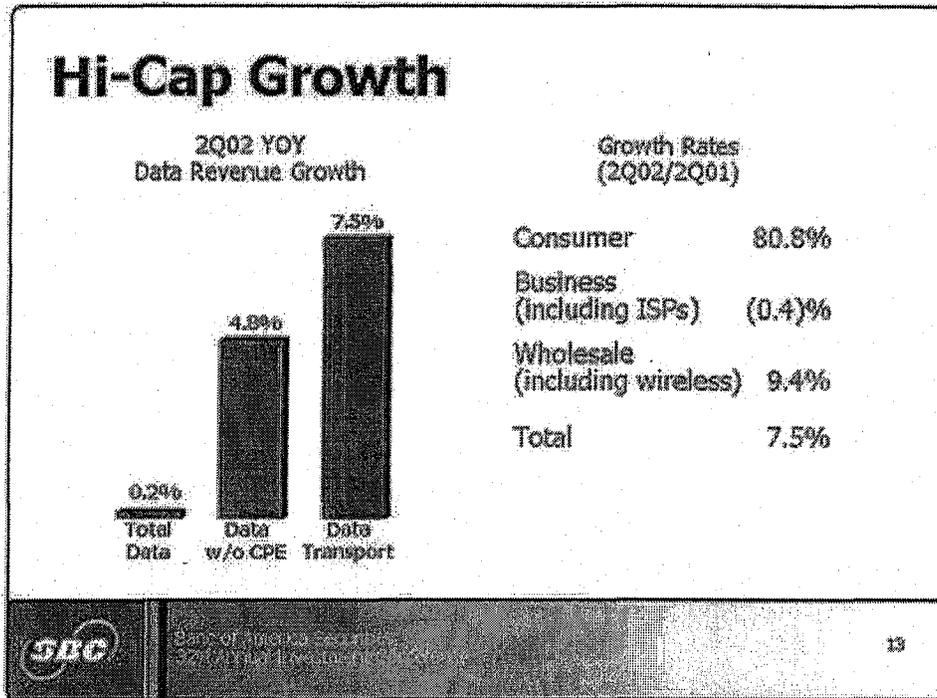
- Data
- Access Lines
- Long Distance
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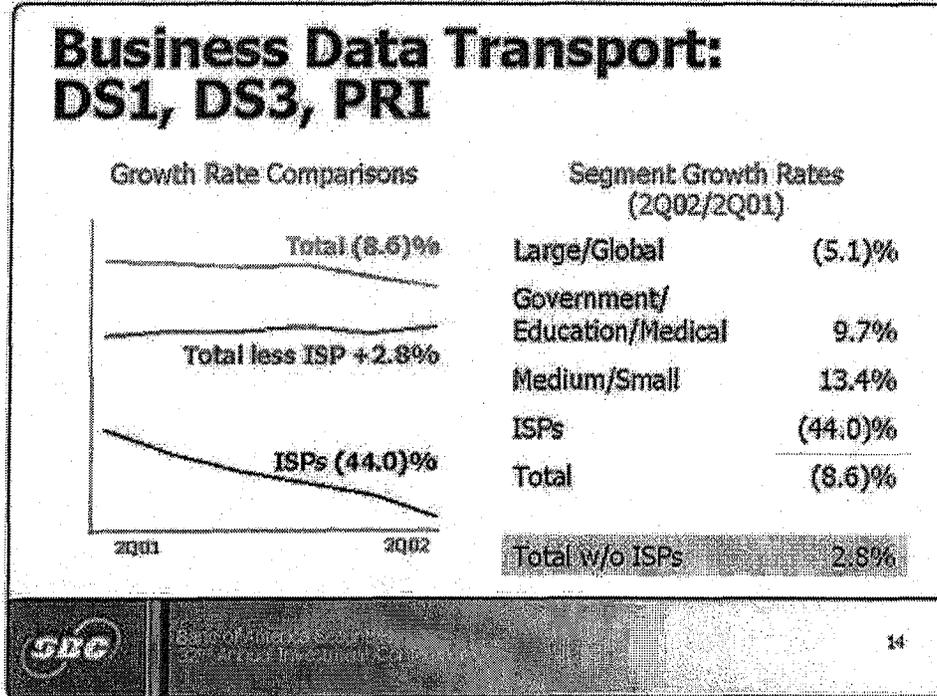
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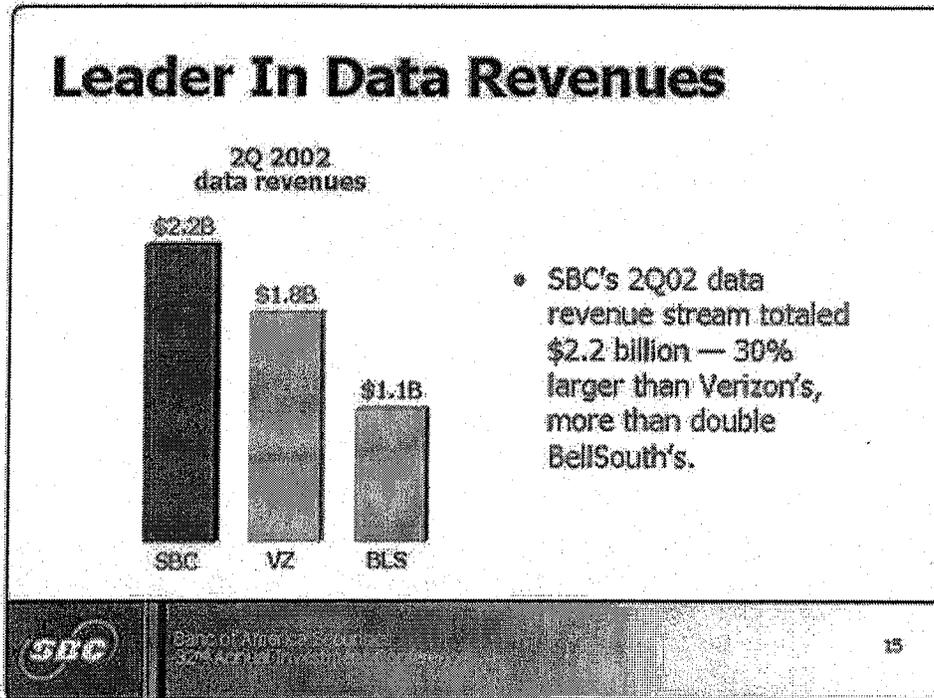
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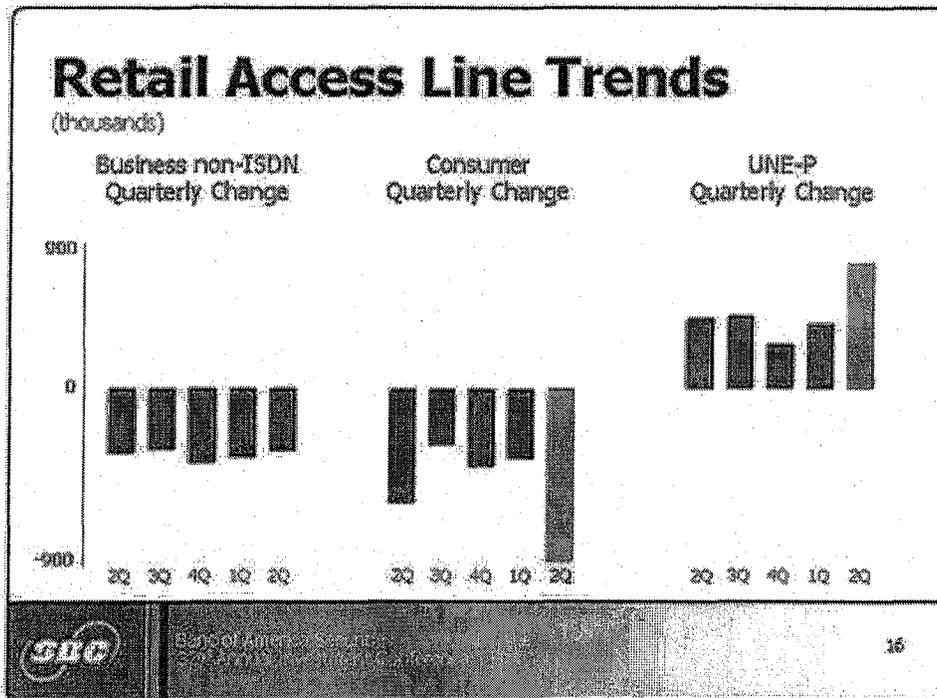
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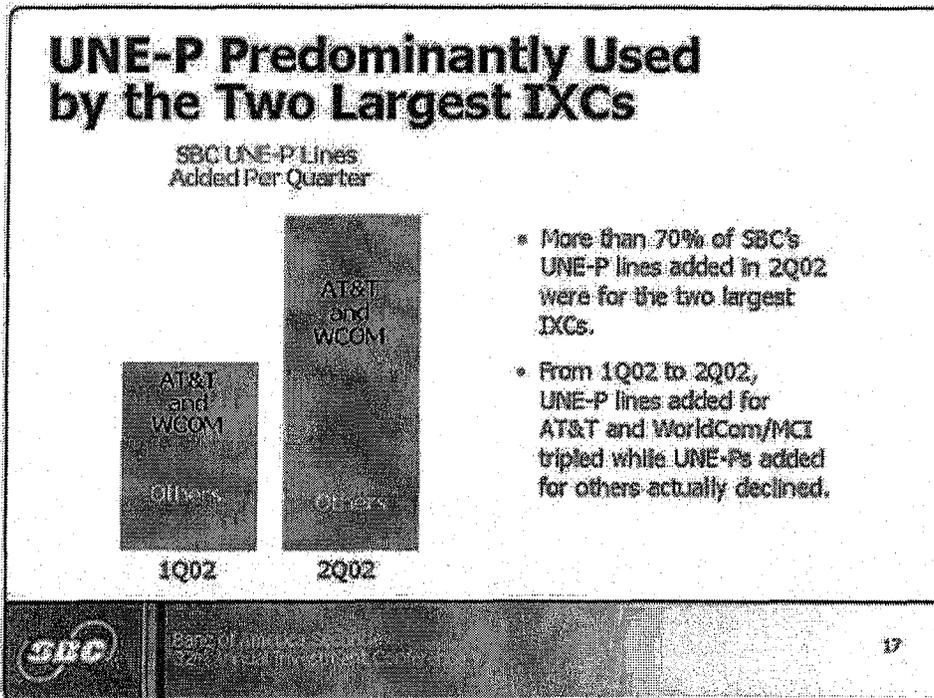
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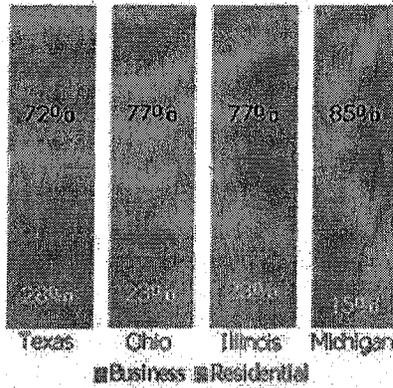
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Dominant Use of UNE-P: To Target Residential Customers

SBC UNE-P Lines In Service
SBC's Four Largest UNE-P States



- Across SBC's 13 states, more than 70% of all UNE-P lines are residential.
- In SBC's four largest UNE-P states, which have been targeted most aggressively by the large IXCs, residential customers represent an even higher percentage of total UNE-Ps.



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Service of America

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Clear IXC Strategy

No Capital Investment

"... gives AT&T Consumer unmatched leverage to create offers... without making economic sacrifices."

*Betsy Bernard,
President, AT&T
Consumer*

"We're profitable everywhere we sell because we limit ... where we sell based on cost... [W]e're deploying very little capital to make it work."

*Wayne Huxford
COO, MCI*

High Margins, Low Risk

"Our principle of maximizing cash requires that we only enter states that meet our gross margin requirements."

"We are not going into states where we don't have a gross margin of 45% on the local"

*Betsy Bernard,
President, AT&T Consumer*



Not Competition ... Pure Regulatory Pricing Arbitrage

- Destroys incentives to invest in network
- Weakens true facilities-based competition
- Undermines Universal Service
- Depends entirely on ILEC ability to absorb all margin pressures and make all capital investment
- Not a viable or sustainable model



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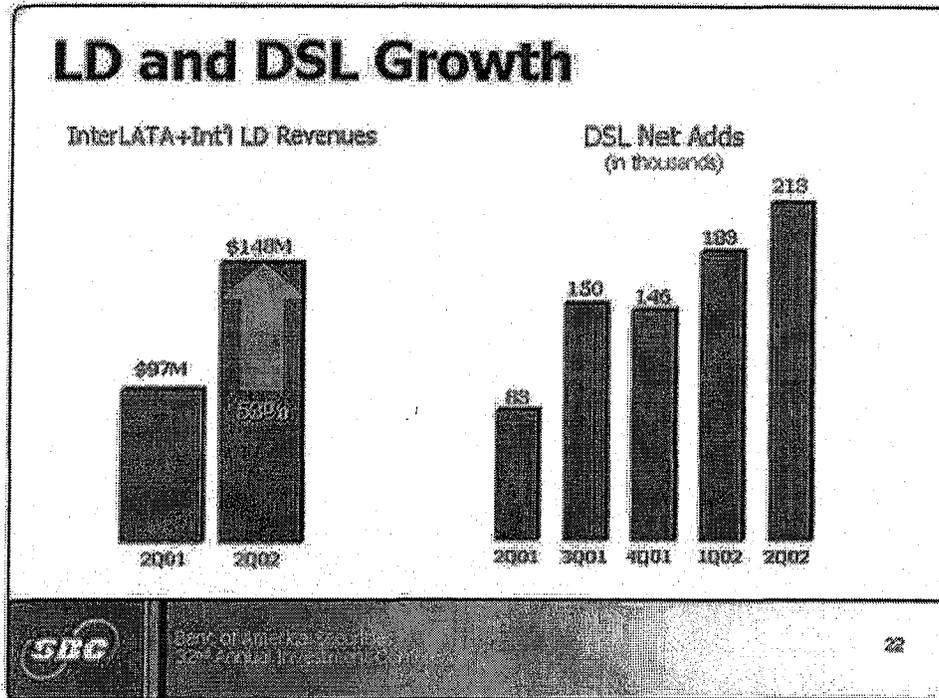
How We Have Responded?

- Working proactively with regulators and policy-makers at state and federal levels
- Long-distance entry
- DSL expansion
- More aggressive bundling
 - Wireless
 - DSL (75% less likely to churn)
 - Packages in service up 14% 2Q02 versus 2Q01



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Cingular Wireless

2Q02 Results

Subscribers	22.2M
POPs	217M
Revenues	\$3.7B
EBITDA	\$1.2B
Operating Income	\$722M

- 619,000 net gain in digital post-paid subscribers
- Fourth consecutive quarter of year-over-year growth in subscriber ARPU
- 100% digital network coverage ... 98% of network traffic digital



Board of Directors
 2002 Annual Meeting

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Clear Focus

- Pro-active revenue strategies
 - Bundling initiatives
 - Growth platform expansion - data, LD, DSL
- Cost discipline
- Strong free cash flow
- High-quality credit metrics
- Leadership to help move industry away from below-cost UNE-P and to a sustainable model



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